THE 2026 OFFSHORE ENGINEERING COMPARISON

WHY VIETNAM WINS FOR SOFTWARE ENGINEERING IN 2026

> The honest comparison against India and the Philippines — and why, for most outsourced software teams, Vietnam is the smoother choice.

Three countries dominate every offshore software conversation: Vietnam, India, and the Philippines. Vendors selling against Vietnam love to point out its English score. What they rarely mention is who they're comparing it to — and what actually determines the cost of an offshore team over three years. Here is the case, on the numbers.

THE ONE NUMBER THAT DECIDES TOTAL COST: RETENTION

Segment	Vietnam	India	Philippines
Software/IT attrition (annual)	~5–18%	~20–30%	~15–25% (office-based)

Vietnam's attrition isn't just the lowest of the three — it's the most consistent across independent sources, which matters when you're building a business case on it.

What that means in dollars. Replacing an engineer costs 3–6 months of salary once you count recruiting, onboarding, and ramp-up. Model a 40-person team over three years:

- Vietnam at 12%: ~15 engineers replaced → ~60 months of salary in churn cost
- India at 28%: ~34 engineers replaced → ~136 months of salary in churn cost

On a team averaging $2,500/month fully loaded, that's roughly $150,000 vs. $340,000 — a $190,000 swing on rate cards that differ by pennies an hour. And the dollar figure understates it: a team that turns over 30% a year never stops being partly new. Domain knowledge — why the schema is shaped that way, which integration is fragile — walks out the door with every departure. A low-churn Vietnamese team compounds that knowledge instead of losing it.

THE ENGLISH OBJECTION — AIMED AT THE WRONG COUNTRY

	Score (EF EPI 2025)	Band	Global Rank (of 123)
Philippines	569	High	28
Vietnam	**500**	**Moderate**	**64**
India	484	Low	74

The Philippines' lead is real, and for live voice work it's decisive — nothing here disputes that. But the standard “Vietnam has an English gap” narrative almost never prints India's score next to it. Vietnam sits 16 points and ten places above India — the market Western companies have offshored software engineering to for two decades without a second thought. If English proficiency disqualifies Vietnam for engineering work, consistency demands ruling out India first. It rarely does.

The reason this works in practice: software engineering communication is written and asynchronous — tickets, PR comments, specs, sprint demos — not a live phone call. The failure mode is unclear requirements, not a bad accent, and that's solved with structure any competent vendor should already run: a fluent technical lead owning requirements clarification, written acceptance criteria on every story, and demo-driven sprint reviews.

VIETNAM IS NOT THE BUDGET OPTION — IT'S A SKILL PLAY

Rates sit in the same band as the other two: Vietnam runs roughly $27–45/hr against $25–40/hr in the Philippines and a similar range in India — noise, not a decision driver.

What Vietnam actually offers is quality: Vietnamese developers have ranked as high as 23rd worldwide on HackerRank's Developer Skills Index, ahead of markets with far larger populations and louder marketing. The sector is growing ~30% annually, and the graduate pipeline — 55,000–60,000 new technical grads a year from a base of ~550,000 developers — skews toward modern stacks: cloud-native, mobile-first, product engineering, rather than legacy maintenance.

Vietnam is also Japan's second-largest software outsourcing partner, a relationship that forced a level of documentation rigor and defect discipline most Western clients never think to ask for but benefit from immediately.

THE AUSTRALIA ADVANTAGE

Hub	Offset from AEST	Practical Effect
Vietnam (GMT+7)	**3–4 hours**	**Full same-day overlap through the afternoon**
Philippines (GMT+8)	2–3 hours	Comparable overlap
India (GMT+5:30)	4.5–5.5 hours	Morning questions often land as next-day answers

For Australian and New Zealand teams, Vietnam offers a genuine same-day working window — a question raised at 9am Melbourne time gets answered the same afternoon.

WHERE VIETNAM IS THE HONEST ANSWER, AND WHERE IT ISN'T

A vendor who won't say this plainly isn't being straight with you:

- Choose the Philippines for live consumer voice work in English — call centers, real-time chat support. Not close, and it shouldn't be argued.
- Choose India for enterprise programmes needing 300+ engineers or deep legacy/mainframe systems — Vietnam's ~550,000-developer pool is about a tenth of India's, and its pipeline is cloud-native, not COBOL.
- Choose Vietnam for everything in between: product builds, dedicated engineering teams, SaaS and e-commerce platforms, AI/data work, QA, and precision back-office — where continuity and modern-stack skill matter more than raw headcount elasticity.

THE BOTTOM LINE

Vietnam isn't the cheapest offshore market, and no honest vendor sells it that way. What it offers is a different shape of value: the lowest and most consistent attrition of the three major hubs, engineering skill that benchmarks in the global top 25, a modern-stack specialization built for how software is actually built today, a same-day working window for Australian clients, and a risk profile uncorrelated with India's wage inflation or the Philippines' typhoon exposure.

Strip away the marketing on all three sides and the decision comes down to one question: what are you actually building? A call center needs the Philippines. A 500-engineer legacy migration needs India. Everything in between — the product build, the dedicated team, the platform meant to last — is Vietnam's territory, and in 2026 it is no longer the alternative choice. It is the default one.

Outsource2Vietnam.com · O2VN.COM LLC info@o2vn.com